



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 20, 2002

H.R. 4628 **Intelligence Authorization Act for Fiscal Year 2003**

*As ordered reported by the House Permanent Select Committee on Intelligence
on May 15, 2002*

SUMMARY

H.R. 4628 would authorize appropriations for fiscal year 2003 for intelligence activities of the United States government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that implementing certain provisions of the bill would cost \$221 million over the 2003-2007 period, assuming appropriation of the necessary funds. CBO cannot estimate the direct spending effects of H.R. 4628 because the data necessary for an estimate are classified.

H.R. 4628 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4628 is shown in the following table. CBO cannot obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances held by CBO employees. For purposes of this estimate, CBO assumes that the bill will be enacted by October 1, 2002, and that the necessary amounts will be appropriated for fiscal year 2003. Estimated outlays are based on historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR H.R. 4628

| | By Fiscal Year, in Million of Dollars | | | | | |
|--|---------------------------------------|------|------|------|------|------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT | | | | | | |
| Spending Under Current Law for the Intelligence Community Management Account | | | | | | |
| Budget Authority ^a | 161 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 166 | 63 | 14 | 2 | 0 | 0 |
| Proposed Changes | | | | | | |
| Authorization Level | 0 | 176 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 0 | 110 | 53 | 9 | 3 | 0 |
| Spending Under H.R. 4628 for the Intelligence Community Management Account | | | | | | |
| Authorization Level ^a | 161 | 176 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 166 | 173 | 67 | 11 | 3 | 0 |
| NATIONAL SECURITY EDUCATION TRUST FUND | | | | | | |
| Spending Under Current Law for the National Security Education Trust Fund | | | | | | |
| Estimated Authorization Level ^b | 8 | 8 | 8 | 8 | 9 | 9 |
| Estimated Outlays | 8 | 8 | 8 | 8 | 9 | 9 |
| Proposed Changes | | | | | | |
| Authorization Level | 0 | 10 | 10 | 10 | 10 | 10 |
| Estimated Outlays | 0 | 6 | 10 | 10 | 10 | 10 |
| Spending Under H.R. 4628 for the National Security Education Trust Fund | | | | | | |
| Estimated Authorization Level ^b | 8 | 18 | 18 | 18 | 19 | 19 |
| Estimated Outlays | 8 | 14 | 18 | 18 | 19 | 19 |
| SUMMARY OF CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^c | | | | | | |
| Authorization Level | 0 | 186 | 10 | 10 | 10 | 10 |
| Estimated Outlays | 0 | 116 | 63 | 19 | 13 | 10 |

a. The 2002 level is the amount appropriated for that year.

b. The 2002 level is the amount appropriated for that year. The current law amounts for the 2003-2007 period assume appropriations remain at the 2002 level with adjustments for inflation.

c. In addition to effects on spending subject to appropriation, H.R. 4628 would affect direct spending. However, CBO cannot estimate the total direct spending effects because the necessary data are classified.

Spending Subject to Appropriation

H.R. 4628 would authorize appropriations of \$176 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies. The bill also would earmark \$34 million for the National Drug Intelligence Center from the funds authorized for the Intelligence Community Management Account. Finally, H.R. 4628 would authorize an additional \$10 million a year beginning in 2003 for the National Security Education Trust Fund. These funds would be used to carry out the National Flagship Language Initiative, which would be established under section 309 of the bill to improve higher education in foreign languages that the Secretary of Defense identifies as most critical to the interests of the national security of the United States.

Direct Spending and Revenues

The bill would authorize \$351 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The payment to CIARDS is considered mandatory. The CBO budget baseline currently includes only \$223 million for these payments. The additional \$128 million authorized in this bill would be used to implement an Administration proposal that federal agencies pay the full cost of benefits for their employees as such benefits accrue. That change would depend on the enactment of other legislation. The additional \$128 million would be an intergovernmental transfer and would have no net effect on the budget.

Section 401 would extend the authority of the CIA to offer incentive payments to employees who voluntarily retire or resign. The authority, which will expire on September 30, 2003, would be extended through fiscal year 2005. Section 401 also would require the CIA to make a deposit to the Civil Service Retirement and Disability Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. Although the timing of agency payments and the additional benefit payments would not match on a yearly basis, CBO believes that these deposits would be sufficient to cover the cost of any long-term increase in benefits that would result from induced retirements. CBO cannot provide a precise estimate of the direct spending effects because the data necessary for an estimate are classified.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO cannot estimate the precise direct spending effects of section 401 because the necessary data are classified.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4628 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On May 16, 2002, CBO transmitted a cost estimate for the unclassified portion of S. 2506, the Intelligence Authorization Act for Fiscal Year 2003, as reported by the Senate Select Committee on Intelligence on May 13, 2002. The differences in the estimated costs reflect differences in the bills. In particular, H.R. 4628 would authorize \$176 million for the Intelligence Community Management Account, while S. 2506 would authorize \$158 million for that account. H.R. 4628 would also authorize \$10 million a year for the National Flagship Language Initiative. In addition, H.R. 4628 would authorize \$351 million for CIARDS, while S. 2506 would authorize only \$223 million for that account. The additional \$128 million authorized for CIARDS by H.R. 4628 would be used to implement an administration proposal that federal agencies pay the full cost of benefits for their employees as such benefits accrue.

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